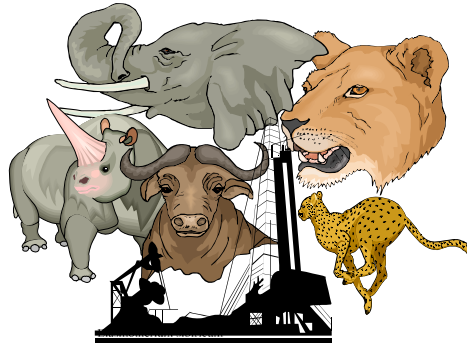


BOJANALA PLATINUM DISTRICT MUNICIPALITY



BOJANALA PLATINUM DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2012

BOJANALA PLATINUM DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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BOJANALA PLATINUM DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 28, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. I K Sirovha
Municipal Manager
31 August 2012

BOJANALA PLATINUM DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net assets		18 916 619	141 371 105
Revaluation Reserve		1 242 394	1 242 394
Accumulated Surplus/(Deficit)		17 674 225	140 128 711
Non-current liabilities		65 345	190 319
Long-term liabilities	2	65 345	190 319
Current liabilities		38 306 574	31 516 083
Provisions	3	17 064 082	10 623 285
Creditors	4	13 198 320	17 066 757
Unspent conditional grants and receipts	5	7 919 197	3 714 853
Current portion of long-term liabilities	2	124 975	111 188
Total Net Assets and Liabilities		57 288 537	173 077 507
ASSETS			
Non-current assets		26 843 278	23 729 047
Property, plant and equipment	7	26 838 009	23 719 134
Intangible assets	8	5 269	9 913
Current assets		30 445 259	149 348 460
Other debtors	9	10 492 481	1 583 317
VAT	6	19 330 173	10 194 710
Call investment deposits	10	0	0
Bank balances and cash	11	622 605	137 570 433
Total Assets		57 288 537	173 077 507

BOJANALA PLATINUM DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

		Actual	
	Note	2012 R	2011 R
REVENUE			
Non Exchange Transactions			
Government grants and subsidies	12	248 959 632	227 611 297
Public contributions and donations		0	0
Exchange Transactions			
Interest earned - external investments		5 377 002	12 469 910
Other income	13	254 977	514 416
Total Revenue		254 591 611	240 595 623
EXPENDITURE			
Employee related costs	14	114 126 919	78 495 604
Remuneration of Councillors	15	8 860 278	8 109 336
Bad debts		0	0
Depreciation		7 187 387	6 502 653
Repairs and maintenance		5 733 870	3 474 665
Interest paid	16	31 624	19 371
Grants and subsidies paid	17	189 645 257	159 283 305
General expenses	18	51 474 759	37 246 619
Total Expenditure		377 060 094	293 131 553
GAINS AND LOSSES			
Gain/(Loss) on disposal of Property, Plant and Equipment	19	13 997	-31 047
Reversal of impairment losses/(Impairment losses)		0	0
Fair value adjustments of Property, Plant and Equipment		0	0
Net Gains and losses		13 997	-31 047
SURPLUS/(DEFICIT)		-122 454 486	-52 566 977
Share of surplus/(deficit) of associate accounted for under the equity method		0	0
SURPLUS/(DEFICIT) FOR THE YEAR		-122 454 486	-52 566 977

No segmental statement of financial performance has been prepared
Refer to Appendix E(1) for comparison with the approved budget.

BOJANALA PLATINUM DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Revaluation Reserve	Accumulated Surplus (Deficit)	Total
	R	R	R
2011			
Balance at 1 July 2010	1 242 394	192 695 688	193 938 082
Correction of error (Note 19)	0		0
Restated balance	1 242 394	192 695 688	193 938 082
Surplus/(deficit) for the year		-52 566 977	-52 566 977
Adjustments	0	0	0
Land and Buildings revalued	0	0	0
Balance at 30 JUNE 2011	1 242 394	140 128 711	141 371 105
2012			
Change in accounting policy		0	0
Correction of error		0	0
Restated balance	1 242 394	140 128 711	141 371 105
Surplus/(deficit) for the year		-122 454 486	-122 454 486
Adjustments		0	0
Land and Buildings Revalued		0	0
Balance at 30 JUNE 2012	1 242 394	17 674 225	18 916 619

See Word document for
accounting policies

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2 012 R	2 011 R
2 LONG-TERM LIABILITIES		
Long-term lease liability	190 319	301 507
Less : Current portion transferred to current liabilities	124 975	111 188
Total Long-term liability	65 345	190 319
3 PROVISIONS		
Provision for medical aid continued members	101 011	101 011
Staff leave	13 928 054	8 151 665
Provision for Performance bonuses	3 035 017	2 370 609
Total Provisions	17 064 082	10 623 285
The payment of Performance Bonuses have been extended to more levels of management for 2011/12 and beyond.		
4 CREDITORS		
Trade creditors	3 045 113	8 650 993
VAT on creditors accrued	247 346	1 079 933
Retention money on projects	9 545 378	7 312 559
Bohale M J Civilis	336 132	-
Technofin: Lease installments not collected	14 040	12 960
Unidentified direct deposit	10 311	10 311
Total Creditors	13 198 320	17 066 757
The fair value of creditors approximates their carrying amounts.		
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional Grants from other spheres of Government	2 784 467	1 845 800
FM Grant	-470	-
IMMIS	3 900	8 450
Fire Support Grant	1 114 099	450 753
Conditional Disaster Management Grant	668 285	68 285
Municipal Systems Improvement Grant	-45 546	-
Expanded Public Works	1 044 198	1 318 312
5.2 Other Conditional Receipts	5 134 730	1 869 053
SETA Skills Development	577 023	809 053
National Lottery Grant	982 000	1 000 000
Standard Bank Disaster Management Donation	58 597	60 000
Coordination Fee	306 976	-
Water Provision Maubane	3 210 133	-
Miscellaneous Receipts	-	-
Total Conditional Grants and Receipts	7 919 197	3 714 853
See Note 12 for reconciliation of grants from other spheres of government.		
6 VAT		
VAT Receivable	19 330 173	10 194 710
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. The municipality claims back VAT on expenditure resulting in SARS being a debtor.		

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7 PROPERTY, PLANT AND EQUIPMENT
30-Jun-12

	<u>Office Equipment Leased</u>	<u>Land</u>	<u>Buildings</u>	<u>Other PPE</u>	<u>Total</u>
Reconciliation of Carrying Value	R	R	R	R	R
Carrying values at 1 July 2011	316 487.00	1 656 372.00	3 791 908	17 954 367	23 719 134
Cost	355 804.00	1 656 372.00	5 447 260	41 458 311	48 917 747
Revaluation	-	-	-	-	-
Accumulated depreciation	39 317.00	-	1 655 352.00	23 503 944.00	25 198 613.00
Correction of error (note 19)	-	-	-	-	-
- Cost & Revaluation	39 317.00	-	1 655 352.00	23 503 944	25 198 613.00
Acquisitions	-	-	-	11 202 521	11 202 521
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-
Depreciation	-	-	-	-	-
- based on cost	118 926.30	-	307 705	6 756 112	7 182 743
- Correction of error (note 19)	-	-	-	-	-
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	-	900 903	900 903
Cost/revaluation	-	-	-	4 524 043	4 524 043
Accumulated depreciation	-	-	-	3 623 140	3 623 140
Other movements	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying values at 30 June 2012	197 560.70	1 656 372.00	3 484 203	21 499 873	26 838 009
Cost	355 804.00	1 656 372.00	5 447 260	48 136 789	55 596 225
Revaluation	-	-	-	-	-
Accumulated depreciation	158 243.30	-	1 963 056.96	26 636 916.03	28 758 216
- Cost & Revaluation	158 243.30	-	1 963 057	26 636 916	28 758 216

30-Jun-10

	<u>Office Equipment Leased</u>	<u>Land</u>	<u>Buildings</u>	<u>Other PPE</u>	<u>Total</u>
Reconciliation of Carrying Value	R	R	R	R	R
Carrying values at 1 July 2009	24 017	1 300 000	4 098 772	21 540 844	27 320 005
Cost	351 970	1 300 000	4 561 238	39 571 675	45 784 883
Revaluation	-	356 372	886 022	-	1 242 394
Accumulated depreciation	327 953	-	1 348 488	18 030 831	19 707 272
Correction of error (note 19)	-	-	-	-	-
- Cost & Revaluation	327 953	-	1 348 488	18 030 831	19 707 272
Acquisitions	355 804	-	-	2 587 649	2 943 453
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-
Depreciation	60 322	-	306 864	6 126 672	6 493 858
- based on cost	60 322	-	283 106	6 126 672	6 470 100
- Correction of error (note 19)	-	-	-	-	-
- based on revaluation	-	-	23 758	-	23 758
Carrying value of disposals	3 012	-	-	47 454	50 466
Cost/revaluation	351 970	-	-	701 013	1 052 983
Accumulated depreciation	348 958	-	-	653 559	1 002 517
Other movements	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying values at 30 June 2011	316 487	1 656 372	3 791 908	17 954 367	23 719 134
Cost	355 804	1 300 000	4 561 238	41 458 311	47 675 353
Revaluation	-	356 372	886 022	-	1 242 394
Accumulated depreciation	39 317	-	1 655 352	23 503 944	25 198 613
- Cost & Revaluation	39 317	-	1 655 352	23 503 944	25 198 613

During June 2012 all items of PPE were physically verified and assessed for physical impairment and relevance of calculated remaining useful life spans. Where the remaining useful lifespans have been deemed inaccurate, adjustments have been made prospectively. The lifespans of certain items of PPE within the various categories have been effected as follows:

Other Assets

- Emergency Equipment	1 to 7 years
- Furniture and Fittings	1 to 7 years
- Office Equipment	1 to 7 years
- Vehicles	1 to 7 years
- Plant and Equipment	1 to 7 years
- Security Equipment	1 to 7 years

Refer to Appendix B for more detail on property, plant and equipment. The opening balance of Land and buildings and "Other PPE" has been allocated to more asset categories in Appendix B.

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8 INTANGIBLE ASSETS

2 012

2 011

	Computer Software	2 012 Total	Computer Software	2 011 Total
Reconciliation of Carrying Value	R	R	R	R
Carrying values				
Beginning of year	9 913	9 913	18 707	18 707
Cost	26 383	26 383	26 383	26 383
Accumulated depreciation	16 470	16 470	7 676	7 676
Correction of error (note 19)	-	-	-	-
- Cost	16 470	16 470	7 676	7 676
Acquisitions	-	-	-	-
Depreciation	4 644	4 644	8 795	8 795
- based on cost	4 644	4 644	8 795	8 795
Carrying value of disposals	-	-	-	-
Cost/revaluation	-	-	-	-
Accumulated depreciation	-	-	-	-
Other movements	-	-	-	-
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Carrying values				
End of year	5 269	5 269	9 913	9 913
Cost	26 383	26 383	26 383	26 383
Revaluation	-	-	-	-
Accumulated depreciation	21 114	21 114	16 470	16 470
- Cost	21 114	21 114	16 470	16 470
- Revaluation	-	-	-	-

9 OTHER DEBTORS

2 012

2 011

	2 012 R	2 011 R
VAT receivable on trade creditors accrued	247 346	1 079 933
Expenses of staff and councillors:salary suspense	291 921	494 197
Deposit on property transaction	9 860 400	-
Mogorosi V R (Maternity leave repayment)	78 556	-
Bursary Repayable	14 258	9 187
Sub Total	10 492 481	1 583 317
Less: Provision for bad debt	-	-
Total Other Debtors	10 492 481	1 583 317

Reconciliation of the Bad Debt provision:-

2 012

2 011

	2 012 R	2 011 R
Balance at the beginning of the year	-	-
Contribution to provision	-	-
Contribution from accumulated surplus	-	-
Bad Debt written off against provision	-	-
Reversal of provision and other	-	-
Balance at the end of the year	-	-

10 CALL INVESTMENT DEPOSITS

2 012

2 011

	2 012 R	2 011 R
Deposits (mature within 3 months)	-	-
The allocation of investments :-		
Unspent grants	-	-
Operating account	-	-

11 BANK BALANCES AND CASH

The Municipality has the following main bank accounts: -

Current Account (Primary Bank Account)

ABSA, Rustenburg
Account Number: 11-3150-0277

Cash book balance at beginning of year / (overdrawn)	137 565 539	186 219 781
Cash book balance at end of year / (overdrawn)	619 445	137 565 539
Bank statement balance at beginning of year / (overdrawn)	142 761 874	194 776 723
Bank statement balance at end of year / (overdrawn)	14 410 248	142 761 874

Savings Account

ABSA, Rustenburg, Account Number 90-8451-8967

Cash book balance	1 160	2 895
Bank statement balance	1 160	2 895
Cash on hand	2 000	2 000

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12 GOVERNMENT GRANTS AND SUBSIDIES	2 012 R	2 011 R
Equitable share	231 895 000	224 696 430
Financial Management Grant	1 250 471	1 199 176
Disaster management Grant	-	904 259
Expanded Public Works	910 113	403 688
Municipal Systems Improvement Grant	835 546	-
Fire Support Grants	1 636 654	252 201
Integrated Municipal Management Information System	4 550	-
Water Provision Maubane	10 789 867	-
National Lottery Fund	18 000	-
SETA Skills Development	618 028	-
Donation Standard Bank	1 403	-
Madibeng Rescue Boat	1 000 000	-
Miscellaneous Receipts		155 542
Total Government Grant and Subsidies	248 959 632	227 611 296

12.1 Equitable Share

This unconditional grant is used as general revenue that is used to finance special projects and capital expenditure on behalf of local municipalities

12.2 Financial Management Grant

Balance unspent at beginning of year	-	199 176
Current year receipts	1 250 000	1 000 000
Conditions met - transferred to revenue	1 250 471	-1 199 176
Conditions still to be met - transferred to liabilities (see note 5)	-471	-0

The conditions of the grant have been met. There was no delay or withholding of the subsidy

12.3 Expanded Public Works Grant

Balance unspent at beginning of year	1 318 312	1 007 000
Current year receipts	636 000	715 000
Conditions met - transferred to revenue	-910 113	-403 688
Conditions still to be met - transferred to liabilities (see note 5)	1 044 199	1 318 312

This grant was used for various projects that are not fixed assets of the Municipality. No funds have been withheld.

12.4 Disaster Management Grant

Balance unspent at beginning of year	68 285	972 544
Current year receipts	-	-
Conditions met - transferred to revenue	-	-904 259
Conditions still to be met - transferred to liabilities (see note 5)	68 285	68 285

The conditions of the grant have been met. There was no delay or withholding of the subsidy

12.5 Integrated Municipal Management Information System

Balance unspent at beginning of year	8 450	8 450
Current year receipts	-	-
Conditions met - transferred to revenue	-4 550	-
Conditions still to be met - transferred to liabilities (see note 5)	3 900	8 450

The conditions of the grant have been met. There was no delay or withholding of the subsidy

12.6 Fire Support Grants

Balance unspent at beginning of year	450 753	702 955
Current year receipts	2 300 000	-
Conditions met - transferred to revenue	-1 636 654	-252 201
Conditions still to be met - transferred to liabilities (see note 5)	1 114 099	450 753

The conditions of the grant have been met. There was no delay or withholding of the subsidy

12.7 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	-
Current year receipts	790 000	-
Conditions met - transferred to revenue	-835 546	-
Conditions still to be met - transferred to liabilities (see note 5)	-45 546	-

The conditions of the grant have been met. There was no delay or withholding of the subsidy

12.8 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2012, no significant changes in the level of government grant funding are expected over the forthcoming three financial years. A RSC Levies Replacement Grant is included in the Equitable Share.

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2 012	2 011
	R	R
13 OTHER INCOME		
Retention transferred to revenue: not claimed	-	183 474
Eskom Servitude	4 680	-
Sale of tender documents	225 967	312 392
Miscellaneous revenue	24 330	18 550
	254 977	514 416

The retention money was held back more than 5 years ago and never claimed.
Disclosed in Statement of Financial Position as retention money under
Creditors. Transferred to revenue in financial year 2010/11.

14 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	72 476 373	51 177 081
Employee related costs - Contributions for UIF, pensions and medical aids	15 139 244	10 351 641
Travel and other allowances	14 290 623	8 190 189
Housing subsidy	1 154 382	413 134
Overtime payments	4 625 500	4 177 320
Performance bonus and provision staff leave	6 440 797	4 186 238
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
Total Employee Related Costs	114 126 919	78 495 604

There were no advances to employees. Loans to employees are set out in note 7 and 8

Remuneration of the Municipal Manager

Annual Remuneration	394 167	191 645
Performance Bonuses	-	-
Car Allowance	165 000	35 000
Medical, pension fund and other allowances	737 000	4 667
Total	1 296 167	231 312

Remuneration of the Chief Finance Officer

Annual Remuneration	638 505	805 656
Performance Bonuses	-	-
Car Allowance	81 000	108 000
Medical, pension fund and other allowances	13 500	18 000
Total	733 005	931 656

Remuneration of the Acting Chief Finance Officer

Annual Remuneration - Acting allowance	56 790	-
Performance Bonuses	-	-
Car Allowance	-	-
Medical, pension fund and other allowances	-	-
Total	56 790	-

Remuneration of Individual Executive Directors

	30-Jun-12	Community Env Directorate	Corporate Directorate	LED Directorate	Technical Directorate
		R	R	R	R
Annual Remuneration		585 312	738 516	666 572	502 089
Performance Bonuses		-	-	-	-
Car Allowance		-	108 000	102 000	35 000
Medical, pension fund and other allowances		12 000	18 000	18 000	10 500
Total		597 312	864 516	786 572	547 589

Remuneration of Individual Acting Executive Directors

	30-Jun-12	Community Directorate	Community Env Directorate	LED Directorate	Technical Directorate
		R	R	R	R
Annual Remuneration - Acting Allowance		142 286	59 316	-	84 920
Performance Bonuses		-	-	-	-
Car Allowance		-	-	-	-
Medical, pension fund and other allowances		-	-	-	-
Total		142 286	59 316	-	84 920

	30-Jun-11	Community Directorate	Corporate Directorate	LED Directorate	Technical Directorate
		R	R	R	R
Annual Remuneration		836 160	698 208	660 473	816 876
Performance Bonuses		-	-	-	-
Car Allowance		-	108 000	102 000	60 000
Medical, pension fund and other allowances		18 000	18 000	18 000	18 000
Total		854 160	824 208	780 473	894 876

	2 012	2 011
	R	R
15 REMUNERATION OF COUNCILLORS		
Executive Mayor	605 923	574 037
Speaker	473 287	452 583
Councillors	7 293 904	6 500 170
Councillors' pension contribution	487 164	582 546
Total Councillors' Remuneration	8 860 278	8 109 336

In-kind Benefits

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time driver and bodyguard

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2 012	2 011
	R	R
16 INTEREST PAID		
Long-term liabilities: Finance Leases	31 624	19 371
Bank overdrafts	-	-
Total Interest on External Borrowings	31 624	19 371
17 GRANTS AND SUBSIDIES PAID		
Grant to Rustenburg Municipality	1 100 000	400 000
Grant to Kgetlengrivier Municipality	292 966	230 000
Grant to Moses Kotane Municipality	600 000	752 700
Grant to Madibeng Municipality	1 000 000	5 885 748
Grant to Moretele Municipality	1 350 000	5 581 500
Vehicles for Municipalities	2 650 000	-
Expenditure on regional facilities/special projects	171 862 425	146 420 288
Water provision Maubane	10 789 867	-
Study loans converted to grants	-	13 069
Total Grants and Subsidies	189 645 257	159 283 305
The grants paid are in the form of special projects.		
18 GENERAL EXPENSES		
Incentive for volunteers	6 400	800
Advertising cost	2 534 046	1 511 755
Stationery	956 134	729 873
Bank charges	286 085	213 102
Printing Cost	43 749	32 445
Rental offices	3 786 661	3 756 027
Rental Office machines	2 148 292	1 524 982
Membership fees SALGA & Compensation Commission	847 483	878 302
Membership fees	60 607	23 980
Materials and stocks	750 356	483 902
Entertainment cost	1 910 174	1 704 673
Abatement of nuisance	49 895	-
Training	32 040	115 368
Education & awareness	44 040	-
Audit fees	1 284 564	1 112 430
Audit Committee payments	146 630	23 742
Postage	4 253	12 331
Telephone and fax	4 523 898	3 230 192
Programming	35 276	22 249
Professional fees	313 469	91 320
Lawbooks and amendments/ professional and technical library	499 563	89 471
Legal expenses	2 130 482	2 142 170
Contribution medical aid continued members	89 531	147 326
Registration Fees Workshops/seminars & Travelling & Subsis	4 686 488	3 777 311
Skills development levy	906 934	646 244
Uniforms and protective clothing	814 126	186 578
Reservists stipend	-	12 691
Disposable tents and salvage sheets	2 778 053	-
CBRA	77 377	189 147
Burial of indigents	-	232 430
Subscriptions	-	13 561
Water quality monitoring	-	232 302
Insurance	686 738	565 921
Food samples	1 515 590	426 840
Vehicle fuel	2 089 939	1 379 554
M H S equipment	132 447	63 677
Water electricity and services accounts	972 068	764 812
Radio and repeater licences	92 807	31 741
Payment security guards	5 724 898	5 419 350
All cylinders hydro testing	2 100	-
Mayor's residence	148 808	276 706
Garden maintenance	301 791	25 176
Computer licences	281 329	143 040
Computer utilities	1 509 427	1 132 809
Accommodation	1 307 014	686 480
Consulting fees	246 002	-
Radio communication	25 000	17 157
BPDM website	138 600	261 786
Branding and corporate gifts	350 050	-
Operating Expenses from grants (See Note 12)	4 203 545	2 914 867
Total	51 474 759	37 246 619

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

19 LOSS AT DISPOSAL OF ASSETS

	2 012	2 011
Gain/Loss through disposal of assets	13 997	31 047
Loss due to scrapping of assets	-	-
	<u>13 997</u>	<u>31 047</u>

20 CASH GENERATED BY OPERATIONS

	2 012 R	2 011 R
Surplus/(Deficit) for the year	-122 454 486	-52 566 977
Adjustment for:-		
Cash contributions from State		-
Depreciation	7 187 387	6 502 653
Adjustment provisions	6 440 797	1 373 571
Gain/Loss on disposal of property, plant and equipment	-13 997	31 407
Fair value adjustments	-	-
Investment income	-5 377 002	-12 469 910
Interest paid	31 624	10 371
Operating surplus before working capital changes:	-114 185 677	-57 110 246
(Increase)/decrease in other debtors	-8 909 164	-289 350
(Decrease)/increase in conditional grants and receipts	4 204 344	18 125
(Decrease)/Increase in creditors	-3 868 438	2 317 709
Decrease/(Increase) in VAT	-9 135 463	-6 279 456
Cash generated by/(utilized in) operations	-131 894 397	-61 343 218

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	622 605	137 570 433
Call investment	-	-
Bank overdraft	-	-
Total cash and cash equivalents	622 605	137 570 433

22 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

22.1 Unauthorized expenditure

	2 012 R	2 011 R
Reconciliation of unauthorized expenditure		
Opening balance	-	-
Unauthorized expenditure current year	8 603 946	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery (note 16)	-	-
Unauthorized expenditure awaiting authorization	<u>8 603 946</u>	<u>-</u>

22.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	27 470
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-27 470
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

22.3 Irregular expenditure

2 012

2 011

Reconciliation of irregular expenditure

Opening balance

-

7 718 255

Expenditure during the year

-

-

Expenditure during 2010/2011.

-

1 748 604

Condoned by Council

Resolutions

-

-9 466 859

Irregular expenditure awaiting condonement

-

-

(Expenditure ratified by Council Resolution R212/10/11 of 31 March 2011)

704 543

Lease of Office space not acquired through competitive bidding process , total cost to be incurred over the two year lease period is R4,227,263 and has been ratified by council

(Expenditure ratified by Council Resolution R212/10/

-

2 146 012

The R2,146,012 is a cumulative amount of bids ranging between R30,000 - R200,00 for not adhering to the 7 days advertisement period and the 80/20 principle not documented. However , three quotations system was used,

Catering ,décor and tents during arrangements for the World Cup

-

752 166

Accommodation, Conference and workshop facilities
Specific venues were used for conferences and strategic workshops

-

669 440

Enhancement of software
Upgrading of existing District Information system

-

131 269

Training
Councillor training

-

255 696

Travel
It includes transport to the World Cup PVA as well as air tickets for both local & international assignments

-

337 442

2 012

2 011

23 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

23.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	841 483	681 515
Amount paid - current year	-841 483	-681 515
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

23.2 Audit fees

Opening balance	-	-
Current year audit fee and Audit Committee members	1 284 566	1 112 430
Amount paid to Auditor General - current year	-1 284 566	-1 112 430
Amount paid to Audit Committee members - current year	146 560	23 742
Amount paid - previous years	-146 560	-23 742
Balance unpaid (included in creditors)	-	-

23.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8 . All returns have been submitted by the due date throughout the year.

23.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	19 066 731	14 010 010
Amount paid - current year	-19 066 732	-14 010 010
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

24.1 Pension and Medical Aid Deductions

2 012

2 011

Opening balance	R	R
Current year payroll deductions and Council Contributions	23 588 330	16 758 072
Amount paid - current year	-23 588 330	-16 758 072
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-0

24.2 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Service Provider and kind of goods or service	Motivation	Value
See Irregular Expenditure in note 22.3.		R

25 CAPITAL COMMITMENTS

2 012

2 011

Commitments in respect of capital expenditure:	R	R
- Approved and contracted for	18 665 105	139 721 399
Infrastructure	18 665 105	130 248 305
Community	-	3 195 416
Other	-	6 277 678
- Approved but not yet contracted for	-	3 500 000
Infrastructure	-	3 500 000
Community	-	-
Other	-	-
Total	18 665 105	143 221 399

The expenditure will be financed from current revenue cash flows and grants.
The expenditure is not recognised as
Property, plant and equipment by the District Municipality as the assets are transferred to the local municipalities.
These transfers are recognised as Grants Paid in the Statement of Financial Performance.

BOJANALA PLATINUM DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2 012

2 011

26 RETIREMENT BENEFIT INFORMATION

Contributions by Council in respect of Councillor and employees retirement funding have been expended in the year

27 CONTINGENT LIABILITIES

27.1)Mira Lesego Joint Venture is claiming R17 million plus legal costs from the municipality for lost of revenue due to the unequal distribution of communication and events services between the Joint Venture and the competitor. The understanding was that there would be an equitable distribution of appointments between the two successful companies. This did not happen and the Joint Venture received only 30% of the appointments. Mira Lesego JV is claiming R17million plus legal fees from the Municipality. The amount is contested by the Municipality. Legal cost is estimated at R400 000.00 if the claim succeeds.

28 CONTINGENT ASSETS

The municipality are claiming an amount of R500000 from Power House Utilities for a double payment in error for the purchase of a generator. The High Court case is pending. Legal cost of R80000.00 may be added but no account for legal costs has been submitted.

29 EVENTS AFTER THE REPORTING DATE

None

30 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2)

2 012

2 011

31 FINANCE LEASE OBLIGATION

Minimum Lease Payments Due
 Within One Year
 In second and fifth year inclusive

141 731
 65 345

142 811
 209 481

207 076

352 292

16 757

50 785

190 319

301 507

Less future finance charges
 Present value of minimum lease payments

Present value of Lease Payments Due
 Within One Year
 In second and fifth year inclusive

124 975
 65 344

111 188
 190 319

190 319

301 507

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

The Technofin lease is secured by office equipment. The effective interest rate is 17.5% and is repayable in 36 equal installments of R540 of which the first was paid on 17 September 2009. The last installment was paid in August 2011.

32 MINIMUM LEASE PAYMENTS: OPERATING LEASE

2 012

2 011

R

R

Bojanala Platinum District Municipality leases office buildings in terms of an operating lease agreement starting on 1 July 1997. These lease agreement provides for payments per month with an escalation of 12% per year.

Future minimum lease payments

The total future minimum lease payments are payable over the following periods:

Payments due within 12 months
 Payments due 2 to 5 years
 Total

3 411 948
 22 913 313
 26 325 261

3 183 611
 14 146 371
 17 329 982

33 AWARDS TO CLOSE FAMILY MEMBERS IN TERMS OF SECTION 45 OF

No transactions in 2010/2011 and 2011/2012

34 RELATED PARTY TRANSACTIONS

No related party transactions were recorded

Related party transactions with staff
 Bursary repayment

14 256
 14 256

9 187
 9 187

Bursaries are given to general public and Council staff. No liability if they pass.
 Staff that fail have to repay bursaries

2 012

2 011

35 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The municipality is at risk in the following areas:

- (i) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss
- (ii) Interest Rate Risk, which is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

	2 012	2 011
Fixed Deposit Investments	-	-
Long-term Receivables	-	-
Current portion of long-term debtors	-	-
Other Debtors	10 492 481	1 583 317
Short-term Investment Deposits	-	-
Bank and Cash Balances	622 605	137 570 433
Maximum Credit and Interest Risk Exposure	11 115 086	139 153 750

BOJANALA PLATINUM DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from government and other		280 081 680	250 384 235
Cash paid to suppliers and employees		-411 976 078	-308 859 708
Cash generated from/(utilised in) operations	20	-131 894 398	-58 475 473
Interest received		5 377 002	12 469 910
Interest paid		-31 624	-19 371
NET CASH FROM OPERATING ACTIVITIES		-126 549 020	-46 024 934
CASH FLOWS UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-11 202 521	-2 943 543
(Increase)/decrease in non-current receivables			-
Proceeds on disposal of property, plant and equipment		914 900	19 420
NET CASH UTILISED IN INVESTING ACTIVITIES		-10 287 621	-2 924 123
CASH FLOW FROM FINANCING ACTIVITIES			
Net new leases and Lease liability repaid		-111 188	294 713
NET CASH FROM FINANCING ACTIVITIES		-111 188	294 713
NET INCREASE/(DECREASE IN CASH AND EQUIVALENT		-136 947 828	-48 654 254
Cash and cash equivalents at the beginning of the year		137 570 433	186 224 687
Cash and cash equivalents at the end of the year	21	622 605	137 570 433

APPENDIX B
BOJANALA PLATINUM DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	1 300 000	-	-	-	1 300 000	-		-	-	1 300 000
Buildings	5 802 897	-	-	-	5 802 897	1 655 350	307 705	-	1 963 055	3 839 842
	7 102 897	-	-	-	7 102 897	1 655 350	307 705	-	1 963 055	5 139 842
Other Assets										
Furniture and Fittings	4 285 380	838 451	-	(220 164)	4 903 666	1 687 242	623 738	(124 934)	2 186 045	2 717 621
Office Equipment	14 889 352	3 201 087	-	(1 567 759)	16 522 680	9 613 070	2 823 020	(1 206 131)	11 229 960	5 292 721
Security Equipment	340	-	-	-	340	306	8	-	314	26
Emergency equipment	1 437 654	-	-	(199.92)	1 437 454	1 050 413	148 003	(192)	1 198 224	239 230
Plant and Equipment	96 262	1 039 427	-	-	1 135 689	20 449	223 015	-	243 464	892 225
Vehicles	20 750 058	6 123 556	-	(2 735 920)	24 137 694	11 132 465	2 938 327	(2 291 883)	11 778 909	12 358 786
	41 459 046	11 202 521	-	(4 524 043)	48 137 524	23 503 944	6 756 112	(3 623 140)	26 636 916	21 500 608
Leased Assets										
Office Equipment										
	355 804	-	-	-	355 804	39 317	118 926	-	158 243	197 561
	355 804	-	-	-	355 804	39 317	118 926	-	158 243	197 561
Intangible Assets										
Computer Software										
	26 383	-	-	-	26 383	16 470	4 644	-	21 114	5 269
	26 383	-	-	-	26 383	16 470	4 644	-	21 114	5 269
Total carried forward										
	48 944 130	11 202 521	-	(4 524 043)	55 622 608	25 215 082	7 187 387	(3 623 140)	28 779 330	26 843 279

No segmental analysis of Property, plant and equipment has been prepared

APPENDIX E(1)

BOJANALA PLATINUM DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Interest earned - external investments	5 377 002	3 000 000	2 377 002	79%	This includes interest on the current account.
Interest earned - outstanding debtors	0	0	0		
Government grants and subsidies	248 959 632	236 086 000	12 873 632	5%	
Other income	254 977	129 370 000	-129 115 023	-100%	
Total Revenue	254 591 611	368 456 000	-113 864 389	-31%	
EXPENDITURE					
Employee related costs	114 126 919	105 586 280	8 540 639	8%	
Remuneration of Councillors	8 860 278	9 112 430	-252 152	-3%	
Bad debts	0	0	0	0%	
Depreciation	7 187 387	7 000 000	187 387	3%	
Repairs and maintenance	5 733 870	6 368 200	-634 330	-10%	Infrastructure assets transferred to municipalities
Interest paid	31 624	0	31 624	-100%	Not anticipated as a result not budgeted for.
Grants and subsidies paid	189 645 257	203 517 768	-13 872 511	-7%	
General expenses - other	51 474 759	43 871 470	7 603 289	17%	Movement staff from one building to the other and appointment of additional staff.
Total Expenditure	377 060 094	368 456 148	8 603 946	2%	
Net Gains and losses	13 997	0	13 997	-100%	Not budgeted
NET SURPLUS/(DEFICIT) FOR THE YEAR	-122 454 486	-148	-122 454 338	82739418%	

APPENDIX E(2)

BOJANALA PLATINUM DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Land and Buildings							
Buildings	0	0	0	0	0	0%	
	0	0	0	0	0	0%	
Other Assets							
Security Systems	0	0	0	1 057 000	-1 057 000	-100%	
Furniture and Fittings	1 269 723	0	1 269 723	2 000 000	-730 277	-37%	
Office Equipment	1 239 926	0	1 239 926	2 536 800	-1 296 874	-51%	
Vehicles	0	0	0	2 000 000	-2 000 000	-100%	
Plant and Equipment	78 000	0	78 000	0	78 000	100%	
	2 587 649	0	2 587 649	7 593 800	-5 006 151	-66%	
Total Additions: Own Assets	0	0	2 587 649	7 593 800	-5 006 151	-66%	

APPENDIX F
BOJANALA PLATINUM DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies received: 2011/2012

Name of Grants	Name of organ of state or municipal entity	Opening balance	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
			Total	Total	Total	Total			
Equitable Share	DPLG		231 895 000	231 895 000	0	231 895 000	None	Not Applicable	None
Financial Management Grant	National Treasury		1 250 000	1 250 471	0	1 250 000	None	Yes	None
SETA Skills Development	SETA		385 998	618 028	0	0	None	Yes	None
Expanded Public Works	National Treasury		636 000	910 113	0	0	None	Yes	None
Fire Support Grant	Provincial		300 000	586 764	0	0	None	Yes	None
Disaster Management Grant	Provincial		600 000	0	0	0	None	Yes	None
IMMIS	Provincial			4 550	0	0	None	Yes	None
Municipal Systems Improvement	Provincial		790 000	835 546	0	0	None	Yes	None
Grass fire fighting units	Provincial		1 400 000	871 590	0	0	None	Yes	None
Fire Station Dev Program	Provincial		400 000	178 300	0	0	None	Yes	None
Assessment of fire station	Provincial		200 000	0	0	0	None	Yes	None
Madibeng rescue boat	Provincial		1 000 000	1 000 000	0	0	None	Yes	None
National Lottery Grant	Lotto		0	18 000	0	0	None	Yes	None
Standard Bank Donation	Public Donation		0	1 403	0	0	None	Yes	None
Water Provision Maubane	Public Donation		14 000 000	10 789 867	0	0	None	Yes	None
			252 856 998	248 959 631	0	233 145 000			

Equitable Share shown as expended in order that total grant expenditure recognised as revenue balance with Note 12